

A PROCLAMATION OF A STATE OF EMERGENCY

WHEREAS the global recession has caused California's revenues to continue to plummet, leaving our State with an unprecedented budget deficit that forces the State to take drastic actions that will affect every Californian; and

WHEREAS on December 19, 2008, I issued Executive Order S-16-08, in which I ordered the Department of Personnel Administration (DPA) to: (1) initiate the layoff process for state civil service employees effective January 1, 2009 through June 30, 2010; and (2) adopt a plan to implement a furlough of two days per month effective February 1, 2009 to June 30, 2010; and

WHEREAS on January 9, 2009, in order to reduce current spending to ensure that essential services of the State are not jeopardized and the public health and safety is preserved, the DPA adopted a furlough plan; and

WHEREAS on May 15, 2009, state agencies and departments sent out over 4,500 layoff notices to employees funded by the General Fund to further reduce current state spending; and

WHEREAS on May 20, 2009, after the failure of Propositions 1A through 1E, California faced a budget deficit of at least \$21.3 billion for fiscal years 2008-09 and 2009-10; and

WHEREAS California planned to borrow up to \$6 billion through Reimbursement Warrants (commonly known as RAWs) to address part of the budget deficit, but this emergency short-term borrowing is no longer an available option due to the recent decision of the federal government not to provide financial assistance or loan guarantees for this short-term borrowing; and

WHEREAS the State's inability to borrow through the sale of RAWs will result in more severe spending cuts in the State's programs and services; and

WHEREAS on May 22, 2009, the Legislative Analyst predicted that the Governor's May Revision revenue projections may prove overly optimistic, and instead, projected that the drop in revenues will be at least \$3 billion worse than projected putting the size of the State's shortfall at more than \$24 billion for fiscal years 2008-09 and 2009-10; and

WHEREAS the State Controller has determined that the State's \$2.8 billion cash shortage in July 2009 will grow to \$6.5 billion in September, and a double-digit freefall after September; and

WHEREAS the State Controller was forced to delay payments for 30 days in February 2009 to manage a smaller cash crisis, but the magnitude of the current cash shortfall is nearly five times larger and cannot be temporarily covered by delayed payments; and

WHEREAS the State Controller has determined that without effective action to address the budget and cash crisis, the State will have insufficient cash to meet its obligations starting July 2009 and will need to issue registered warrants (IOUs) in order to preserve cash and protect payments the State must make to fund education and repay outstanding debt; and

WHEREAS on June 30, 2009, the Legislature failed to take action to pass a revised budget for fiscal years 2008-09 and 2009-10 to effectively address the unprecedented statewide fiscal crisis, thereby requiring billions of dollars in additional solutions; and

WHEREAS beginning on July 2, 2009, the State will start issuing IOUs to pay claims by businesses for services and products they provide to the State; disbursements to state agencies that use the payments to fund critical public services, ranging from public safety to health and welfare; and tax refunds for individuals and businesses that overpaid their 2008 taxes; and

WHEREAS if the State issues IOUs for these critical public service payments, then there is a substantial and imminent risk that (1) essential services will not be provided to millions of people in California, (2) facilities for the developmentally disabled will be unable to buy supplies or meet payroll and will be in danger of closure, (3) individuals will be unable to receive timely assistance in cases of temporary assistance to needy families, developmental disabilities, mental health treatment, and substance abuse treatment, (4) Californians will be placed at serious risk because essential public assistance services are no longer being provided, and (5) these circumstances will not only threaten the health, safety and welfare of California citizens, but they will also threaten individuals, providers and businesses with bankruptcy and loss of property; and

WHEREAS the increasing budget deficit will require deeper cuts to state programs and services, additional borrowing from available resources such as special funds, and the release of thousands of prison inmates who are undocumented immigrants; and

WHEREAS the State will be forced to eliminate state programs and services providing critical public services, ranging from public safety to health and welfare; and

WHEREAS if the State eliminates any of these critical state programs and services, then the public health and safety will be jeopardized, causing extreme peril to the safety of persons and property; and

WHEREAS immediate and comprehensive action to further reduce current spending must be taken to ensure, to the maximum extent possible, that the essential services of the State are not jeopardized and the public health and safety is preserved; and

WHEREAS an additional furlough day per month which requires state employees to be furloughed three days per month is necessary to continue to reduce current spending and immediately improve the State's ability to meet its obligations to pay for essential state services, such as services provided by the California Department of Forestry and Fire Protection, hospitals and 24-hour care facilities, so as not to jeopardize its residents' health and safety in the current and next fiscal years; and

WHEREAS it is critical that these types of facilities providing essential services to the people of California remain able to protect the health and safety of the people in California and property in California; and

WHEREAS in order to effectuate the layoffs to reduce current state spending, a temporary suspension of certain laws and rules is necessary to mitigate the conditions of emergency; and

WHEREAS these circumstances, by reason of their magnitude, are or are likely to be beyond the control of the services, personnel, equipment and facilities of any single county, city and county, or city, and require or are likely to require the combined forces of a mutual aid region or regions to combat; and

WHEREAS under the provisions of section 8558(b) of the California Government Code, I find that conditions of extreme peril to the safety of persons and property exist due to these circumstances.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, in accordance with the authority vested in me by the state Constitution and the California Emergency Services Act, and in particular, section 8625 of the California Government Code, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist within the State of California.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by the state Constitution and statutes of the State of California, do hereby determine that an emergency pursuant to Government Code section 3516.5 exists.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California issue the following orders to become effective immediately:

1. Pursuant to Government Code section 8571, I hereby suspend the following statutes because strict compliance with the provisions of these statutes will prevent, hinder, or delay the mitigation of the effects of the emergency:
 - a. Applicable provisions of Government Code sections 11020, 11020.1 and any other statutory provisions requiring state offices to be kept open for the transaction of business from 8 a.m. to 5 p.m. of each day from Monday to Friday.
 - b. Applicable provisions of Government Code section 11022 requiring that incoming telephone calls on any public line be answered within 10 rings during regular business hours.
 - c. The provisions of the California Administrative Procedures Act (APA) as specified in Government Code section 11340 et seq., to the extent that the APA provisions may be applicable.
2. These suspensions are limited to the scope and duration of implementing the furlough plan pursuant to Executive Orders S-16-08 and S-13-09 to mitigate the conditions of emergency.

I FURTHER DIRECT that as soon as hereafter possible, this proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this proclamation.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 1st day of July, 2009.

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:

DEBRA BOWEN
Secretary of State